# Wisconsin Medicaid Program


## Wisconsin Department of Health and Family Services

July 2006

**This document is also available on the DHFS website at:**
**http://dhfs.wisconsin.gov/Medicaid/.**

# What is Medicaid?

Medicaid is a federal/state program that pays health care providers to deliver essential health care and long-term care services to frail elderly, people with disabilities and low-income families with dependent children, and certain other children and pregnant women. The Medicaid programs in Wisconsin include Medical Assistance, BadgerCare and SeniorCare. Medicaid, BadgerCare and SeniorCare are essential to the safety and well-being of the citizens of our state. These important programs protect our seniors, the poor and those most vulnerable in Wisconsin.

Medicaid is not a welfare program; it is a health insurance program. Only a small percentage of Medicaid recipients receive welfare cash assistance. Without Medicaid, these people would be unable to receive essential services or would receive uncompensated care.

In State Fiscal Year 2005, budgeted expenditures (both state and federal) for Wisconsin Medicaid totaled $4.5 billion. Enrollment totaled 827,000 people, or 15% of Wisconsin's population.

## Medicaid

- Health care safety net that delivers medical and long-term care services to low-income seniors and people with disabilities, members of low-income families with dependent children and certain other children and pregnant women.
- Very low-income children, parents, pregnant women (AFDC & Healthy Start) elderly and disabled (Supplemental Security Income - SSI).
- $ 4.2 billion in benefits provided annually.
- 647,000 people enrolled, December 2005.

## BadgerCare

Health Insurance for Working Families

- Health coverage safety net for low-income working families with children.
- Non-Medicaid children and parents up to 185% of Federal Poverty Level.
- $ 189 Million in State Fiscal Year 2005 in benefits provided annually.
- 91,000 people enrolled, December 2005.

## SeniorCare

Prescription Drugs for Wisconsin Seniors

- Innovative prescription drug program to help low-income Wisconsin residents – age 65 and older – get medicine they need at a price they can afford.
- Non-Medicaid seniors up to 240% of Federal Poverty Level (Prescription Drugs only).
- $ 130 Million in State Fiscal Year 2005 in benefits provided annually.
- 89,000 people enrolled, December 2005.

# Medicaid Eligibility

## Mandatory Group

- Low income families with children
- Supplemental Security Income (SSI) recipients
- Infants born to Medicaid-eligible pregnant women
- Children under age 6 and pregnant women with incomes less than or equal to 133% Federal Poverty Level*
- Children under age 19 in families with incomes less than 100% Federal Poverty Level*
- Recipients of adoption assistance and foster care under Title IV-E
- Certain low-income Medicaid beneficiaries
- Special protected groups who may keep Medicaid for a period of time

## Optional Groups

- Infants up to age one and pregnant women with income less than or equal to 184% Federal Poverty Level*
- Optional targeted low income children
- Certain aged, blind, or disabled adults with income less than or equal to 100% Federal Poverty Level*
- Institutionalized individuals with low income and resources
- Persons enrolled in home and community-based services waivers
- State supplementary payments (SSP) recipients
- Tuberculosis-infected persons
- Certain women diagnosed with breast or cervical cancer
- Medically needy persons
- Certain working disabled persons
- Family Planning Waiver recipients

* **Federal Poverty Levels -** Each year the federal government releases official income level guidelines, often referred to as the "Federal Poverty Level". The benefit levels of many low-income assistance programs are based on these poverty guidelines.

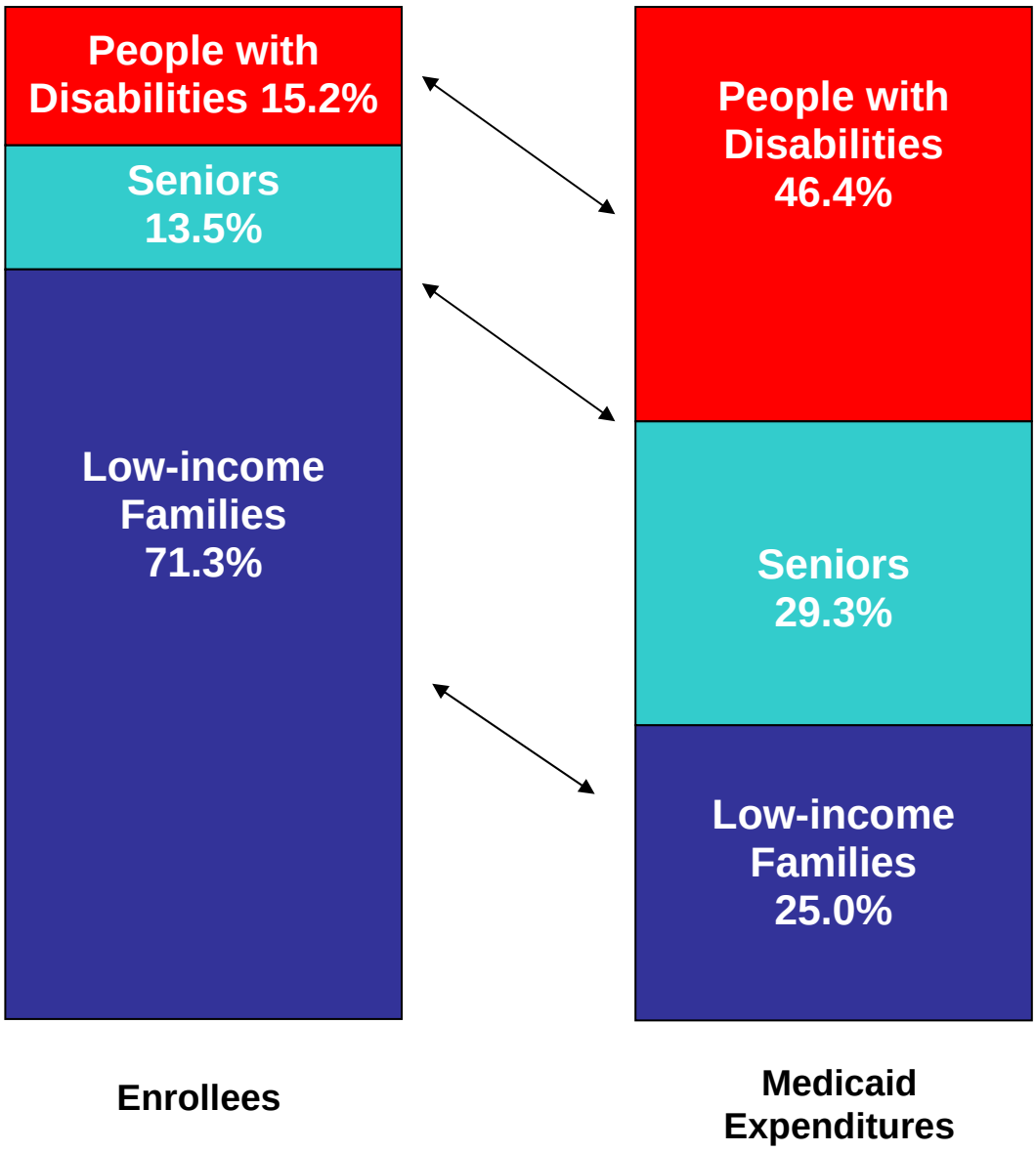
In 2006, the Federal Poverty Level is $9,800 for an individual and $3,400 is added for each additional person.

# Medicaid Benefits Categories

| Mandatory Items and Services | Optional Items and Services |
|---|---|
| **Acute Care** | |
| • Physicians' services<br>• Laboratory and x-ray services<br>• Inpatient hospital services<br>• Outpatient hospital services<br>• Early and periodic screening, diagnostic, and treatment services for individuals under 21<br>• Family planning services and supplies<br>• Federally-qualified health center services<br>• Rural health clinic services<br>• Nurse midwife services<br>• Certified nurse practitioner services | • Medical care or remedial care furnished by licensed practitioners under state law<br>• Prescribed drugs<br>• Diagnostic, screening, preventive, and rehabilitative services<br>• Clinic services<br>• Primary care case management services<br>• Dental services, dentures<br>• Physical therapy and related services<br>• Prosthetic devices, eyeglasses<br>• TB-related services<br>• Other specified medical and remedial care |
| **Long-term care** | |
| *Institutional Services*<br>• Nursing facility services for individuals 21 or over | • Inpatient hospital and nursing facility services for individuals 65 or over in an institution for mental disease<br>• Intermediate care facility for individuals with mental retardation services<br>• Inpatient psychiatric hospital services for individuals under age 21 |
| *Home & Community-Based Services*<br>• Home health care services (for individuals entitled to nursing facility care) | • Home health care services for individuals not entitled to nursing facility care<br>• Case management services<br>• Respiratory care services for ventilator-dependent individuals<br>• Personal care services<br>• Private duty nursing services<br>• Hospice care<br>• Services furnished under a PACE (Programs of All-inclusive Care for the Elderly) program<br>• Home- and community-based services (under waiver, subject to budget neutrality requirements) |

## Medicaid programs serve three distinct populations

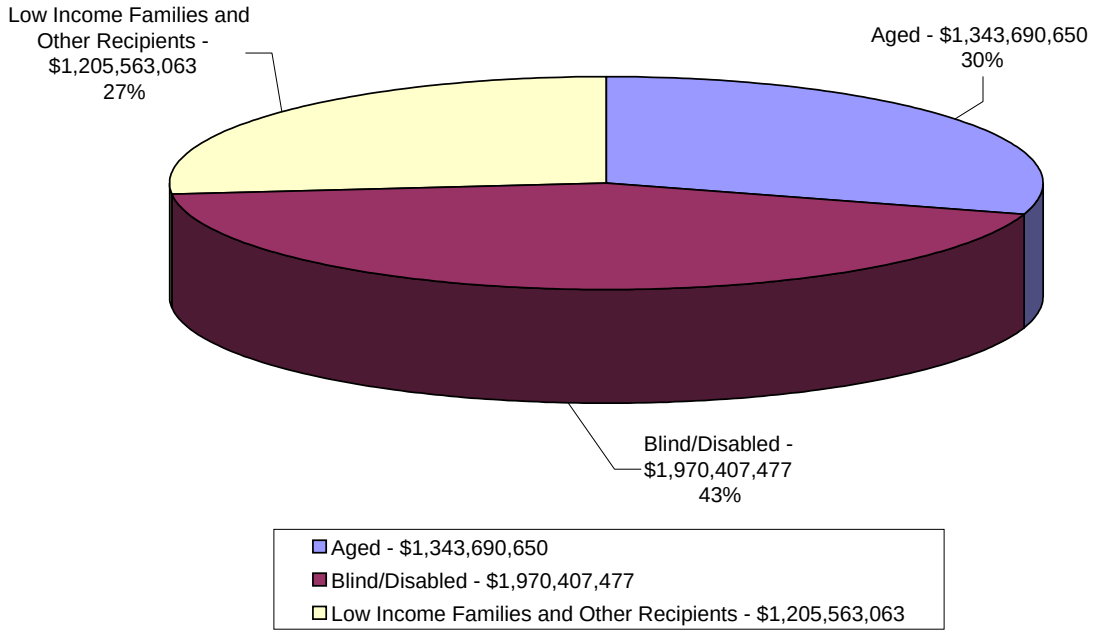
1. People who are blind and/or disabled
2. Seniors with low-income and limited assets
3. Low-income families



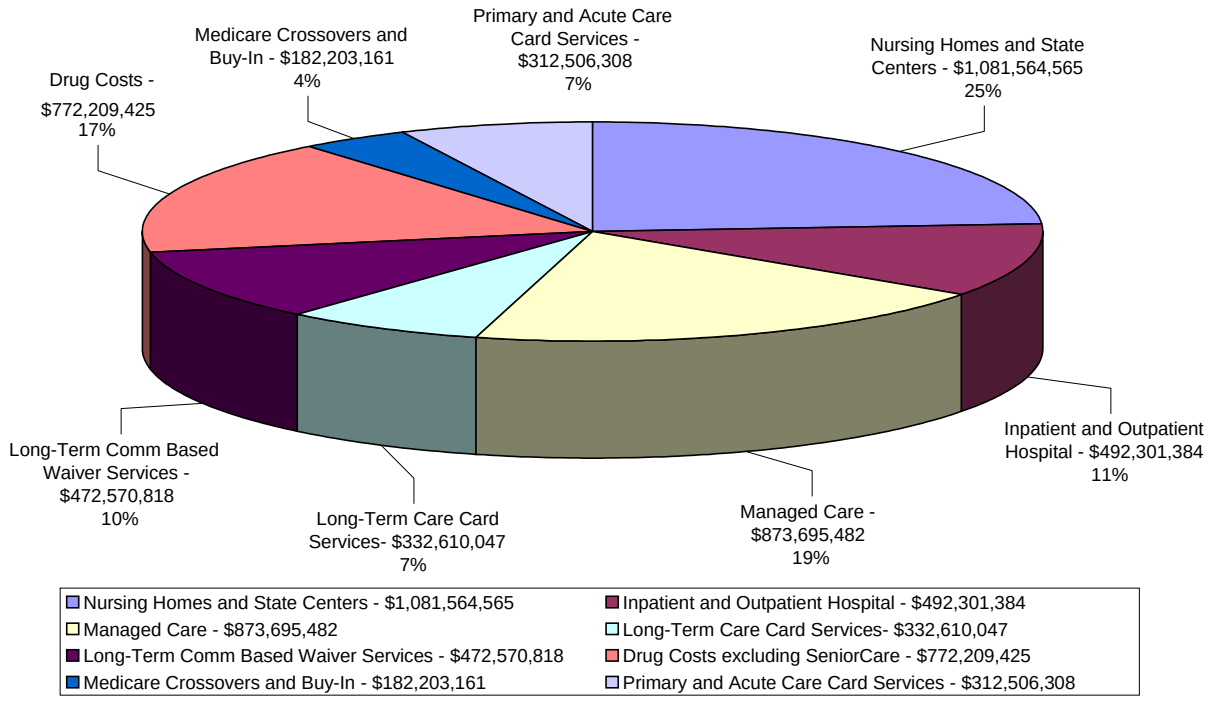

Low-income families comprise 71% of enrollees but account for only 25% of Medicaid costs. Alternatively, seniors and people with disabilities account for less than a third of enrollees and generated more than 70% of Medicaid expenditures.

# Medicaid Expenditures

## Medicaid Expenditures
### Including BadgerCare and SeniorCare
### State Fiscal Year 2005




## Medicaid Expenditures for All Medicaid Recipients by Expenditure Type - Including BadgerCare and SeniorCare
### State Fiscal Year 2005

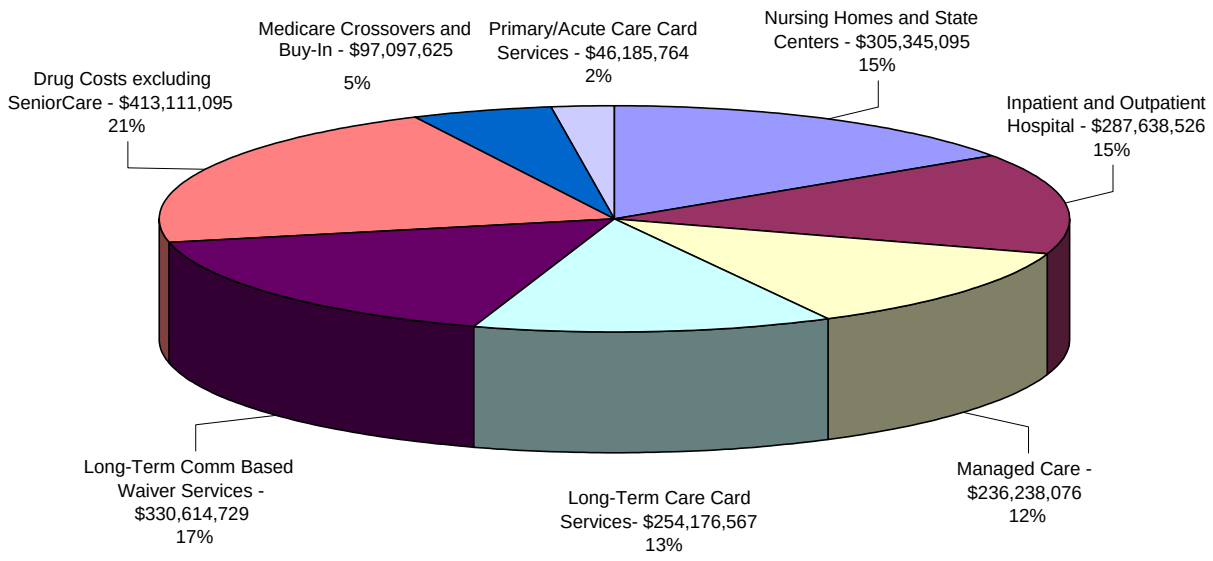


# People with Disabilities

People with disabilities include children, adults and seniors. In general, there is no available commercial insurance coverage for this population. To qualify for Medicaid, people with disabilities must also have very low income and almost no assets. People with disabilities on Medicaid have difficulty obtaining employer sponsored insurance and are generally not insurable in the private market because of their medical problems. Many disabled Medicaid clients are also covered by Medicare. Medicaid only covers what Medicare does not.

- Approximately 46% of Medicaid costs are for people with long-term or permanent disabilities with very low-income and extremely limited assets.
- People with disabilities comprise 15.2% (125,194) of eligible clients.
- To qualify, disabilities must be permanent, or expected to result in death, or last 12 months or longer.

## Medicaid Expenditures for People with Disabilities
By Expenditure Type
State Fiscal Year 2005




- 15% of expenditures are for care in nursing homes or state centers, adding other types of long-term care (card and waiver services, managed care) results in total long-term care expenditure level exceeding 57% of all Medicaid expenditures for people with disabilities.

Long-term care card services include home health (private duty nursing, hospice, and personal and respiratory care), therapy, durable medical equipment and supplies, county-matched services, and non-emergency transportation.

"Card Services" refers to services provided to a Medicaid recipient, as detailed in the Medicaid State Plan. To be contrasted with waiver services, which are provided under an exception from Federal law.

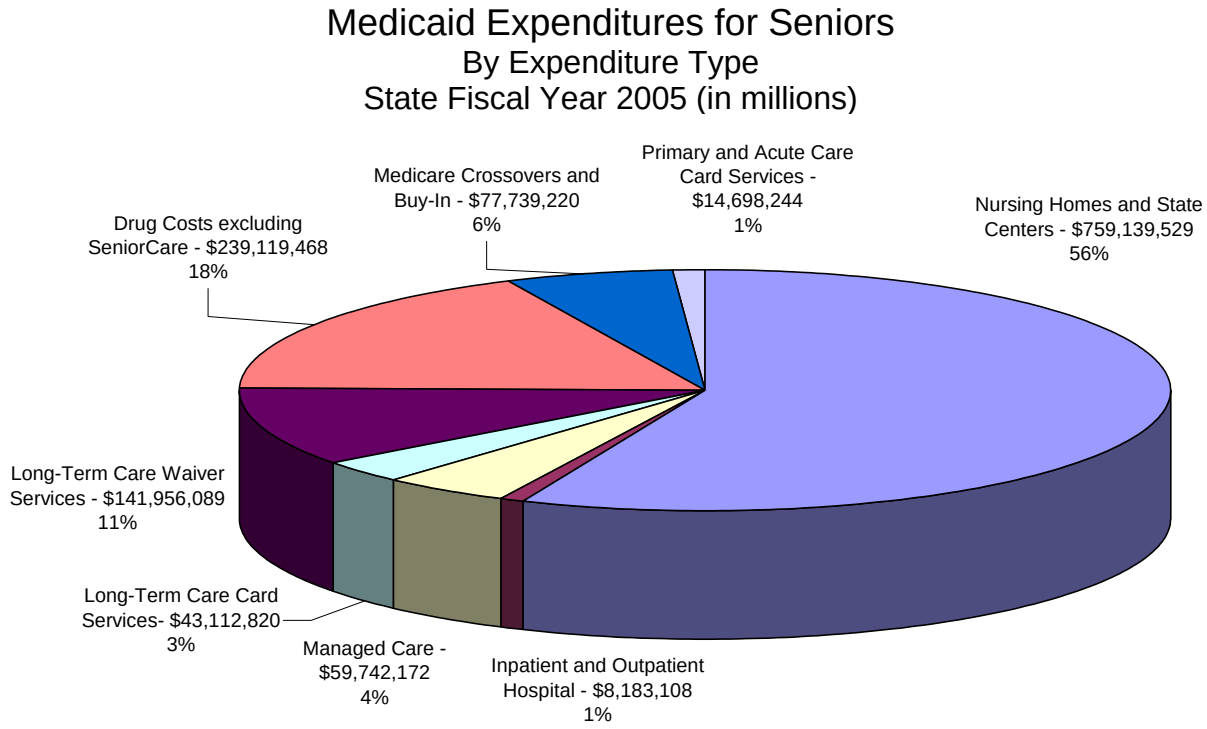
Managed care includes Family Care, Pace and Partnership.

# Low-Income Elderly

To be covered by Medicaid, seniors have to have very low-income and extremely low assets. The only exception is that the spouse of an elderly nursing home resident may retain their home, assets up to $90,000, and enough income to support themselves in the community.

Medicaid pays Medicare premiums and cost sharing for very low-income seniors. Paying Medicare premiums ensures that Medicare, not Medicaid, pays for most primary and acute medical care.

- 99% of elderly on Medicaid are also covered by Medicare. For seniors, Medicaid pays what Medicare does not.
- Medicaid fills in the tremendous gaps in Medicare coverage. 53% of Medicaid service costs are for people also eligible for Medicare.




- 74% of all expenditures being spent on long-term care for seniors (56% for care in nursing homes or state centers and 18 % of expenditures on other types of long-term care (card and waiver services, and managed care)).
- 6% of expenditures are for Medicare premiums, coinsurance and deductibles.

Long-term care card services include home health (private duty nursing, hospice, and personal and respiratory care), therapy, durable medical equipment and supplies, county-matched services, and non-emergency transportation.

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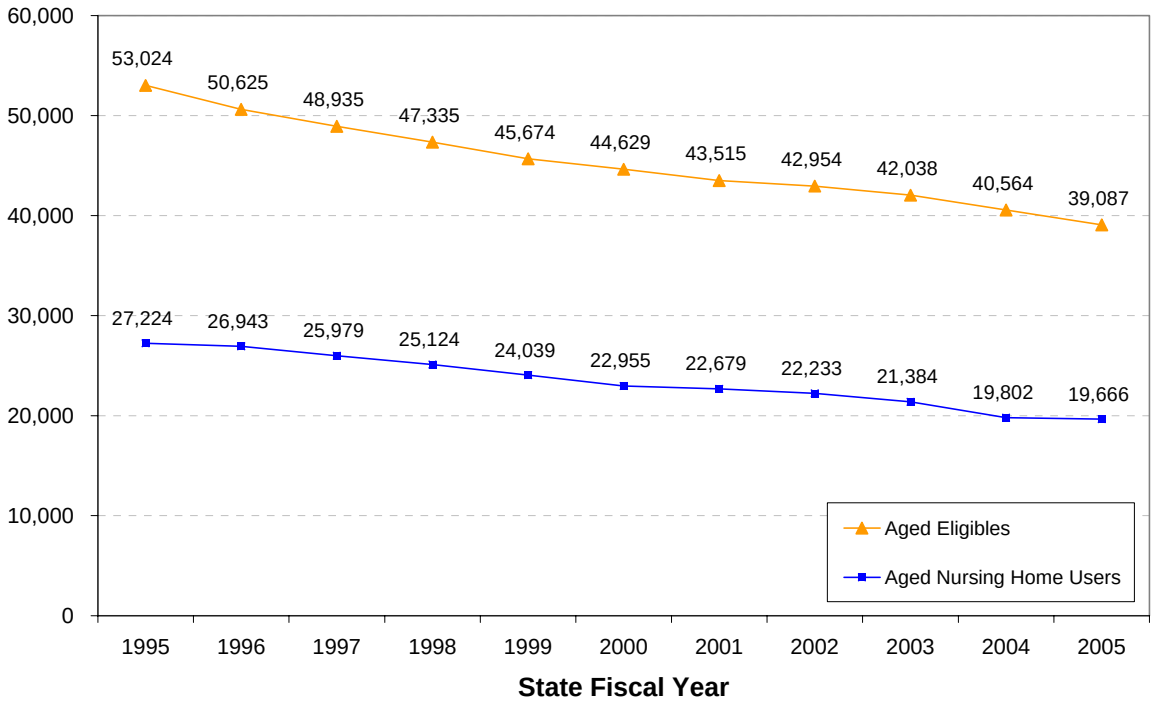
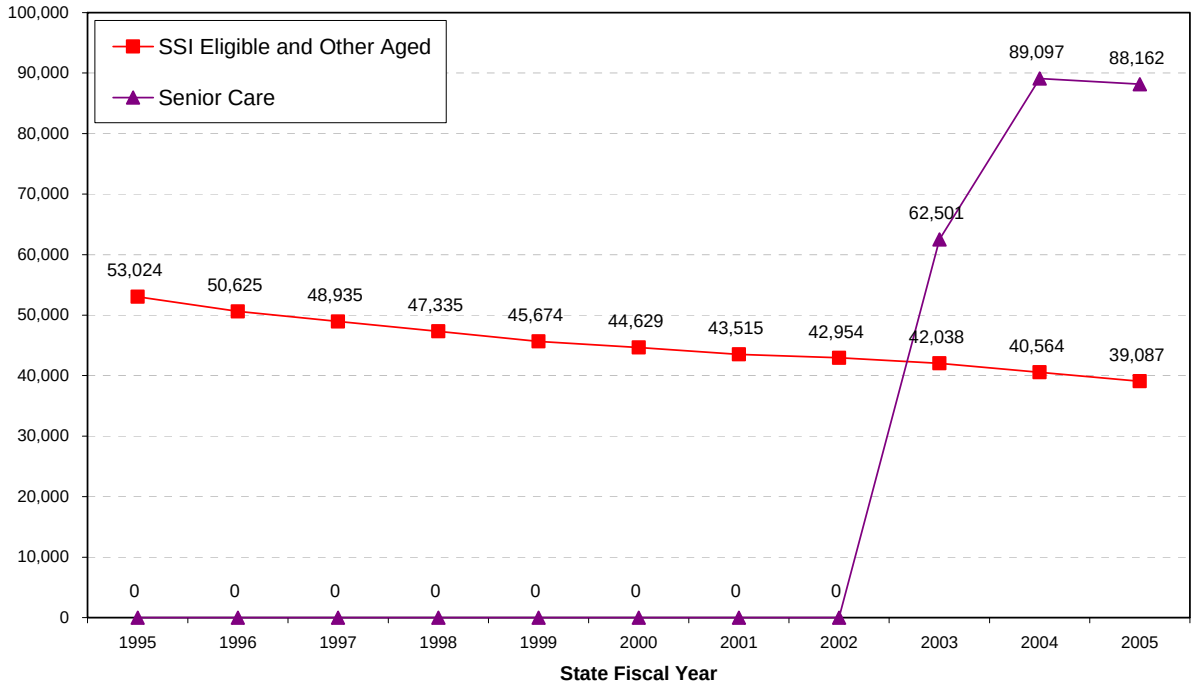
## Utilization of Nursing Home Services by Aged Recipients
### Monthly Average of Unduplicated Eligibles vs. Users
### By State Fiscal Year 1995 to 2005



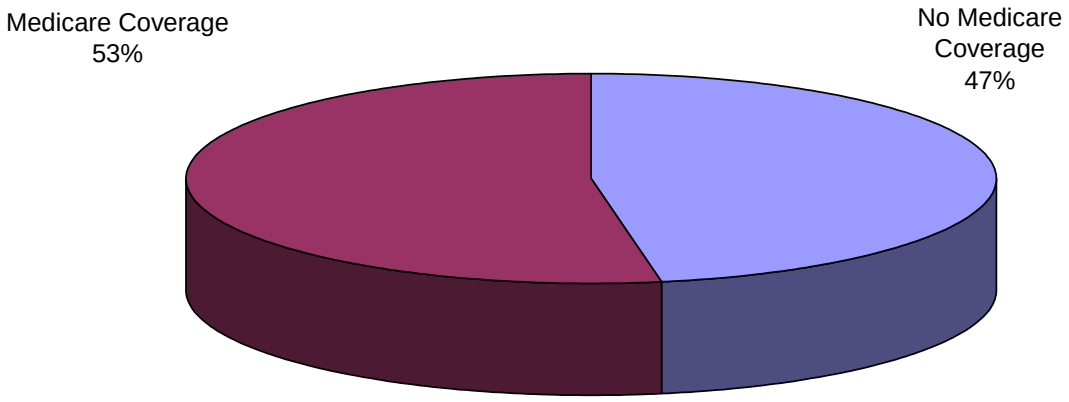

- Approximately 50% of aged recipients receive nursing home care.
- Many aged recipients become eligible for Medicaid because they are in a nursing home.
- From 1995 through 2005, the number of aged recipients has declined steadily.
- During the same period, the number of Medicaid funded nursing home residents has also declined at a steady pace.

## Average Monthly Aged Medicaid Enrollment
By State Fiscal Year 1995 to 2005




- The number of SSI-eligible and other aged has decreased over time although the total number of aged recipients served has increased dramatically since the implementation of SeniorCare in State Fiscal Year 2003.

## Medicaid Expenditures including BadgerCare and Senior Care
By Medicare Status
State Fiscal Year 2005




- 53% of Medicaid expenditures are for people also covered by Medicare.

# Children and Low-Income Families

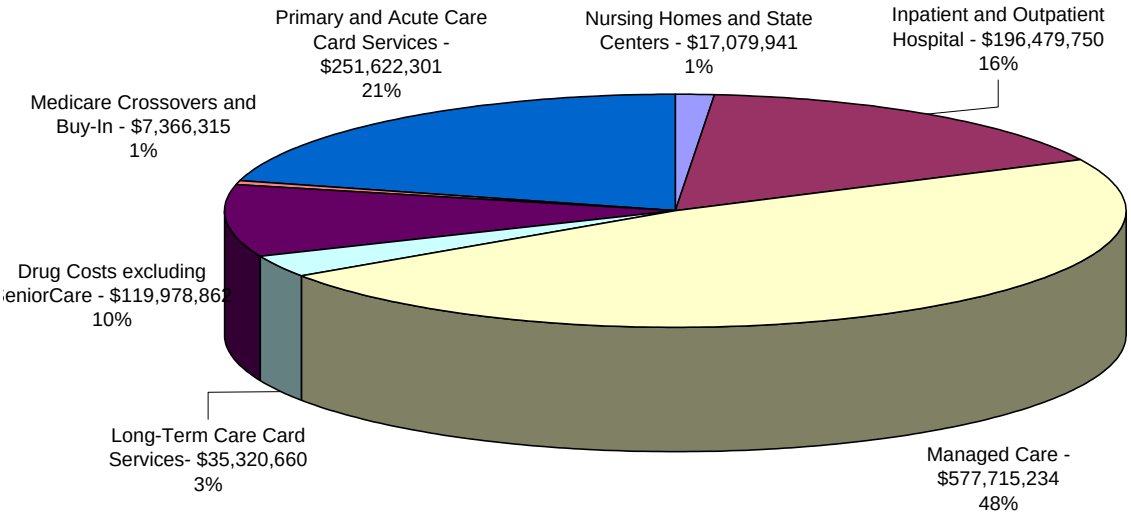
Medicaid and BadgerCare are designed to help low-income families become economically self-sufficient by providing health insurance as they work their way up the economic ladder. It's purpose is to eliminate barriers to successful employment by providing a transition for families from welfare to private insurance. Health care is essential for working families with children.

Children ages 0-17 in low-income families comprise 45.2% (254,462) of eligible Medicaid clients. 21.7% of Medicaid clients are biological, adoptive or foster parents with insufficient income or employment to obtain private insurance.

BadgerCare is a companion product that enables all children and families with incomes below 185% of the federal poverty level to obtain coverage. 93% of BadgerCare families have one or more employed members.

To effectively manage costs, the majority of low-income family recipients are enrolled in comprehensive managed care programs. Managed care capitation payments are 48% of expenditures for low-income families.

## Medicaid Expenditures for Children and Low-Income Families
By Expenditure Type
State Fiscal Year 2005 (in millions)




Long-term care card services include home health (private duty nursing, hospice, and personal and respiratory care), therapy, durable medical equipment and supplies, county-matched services, and non-emergency transportation.

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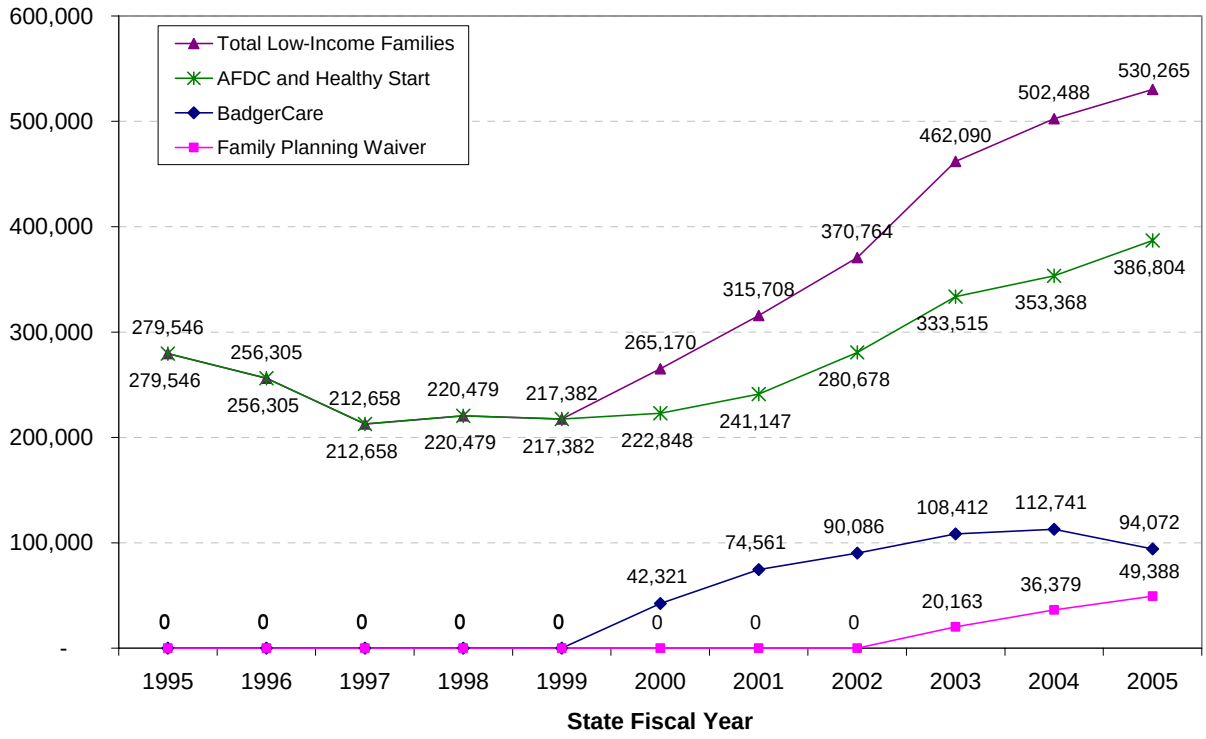
## Average Monthly Medicaid Enrollment for Low-Income Families
### State Fiscal Year 1995 to 2005




- The number of low-income family recipients increased over 144% from SFY 1999 to 2005.
- 54% of this increase is due to enrollment growth in AFDC, AFDC-related and Healthy Start.
- 30% was due to the implementation of BadgerCare. The implementation of BadgerCare has led to an increase in the number of children enrolled in Medicaid by 100,000. BadgerCare enrollment declined in SFY 2005.
- 9% was due to the implementation of the Family Planning Waiver in SFY 2003.

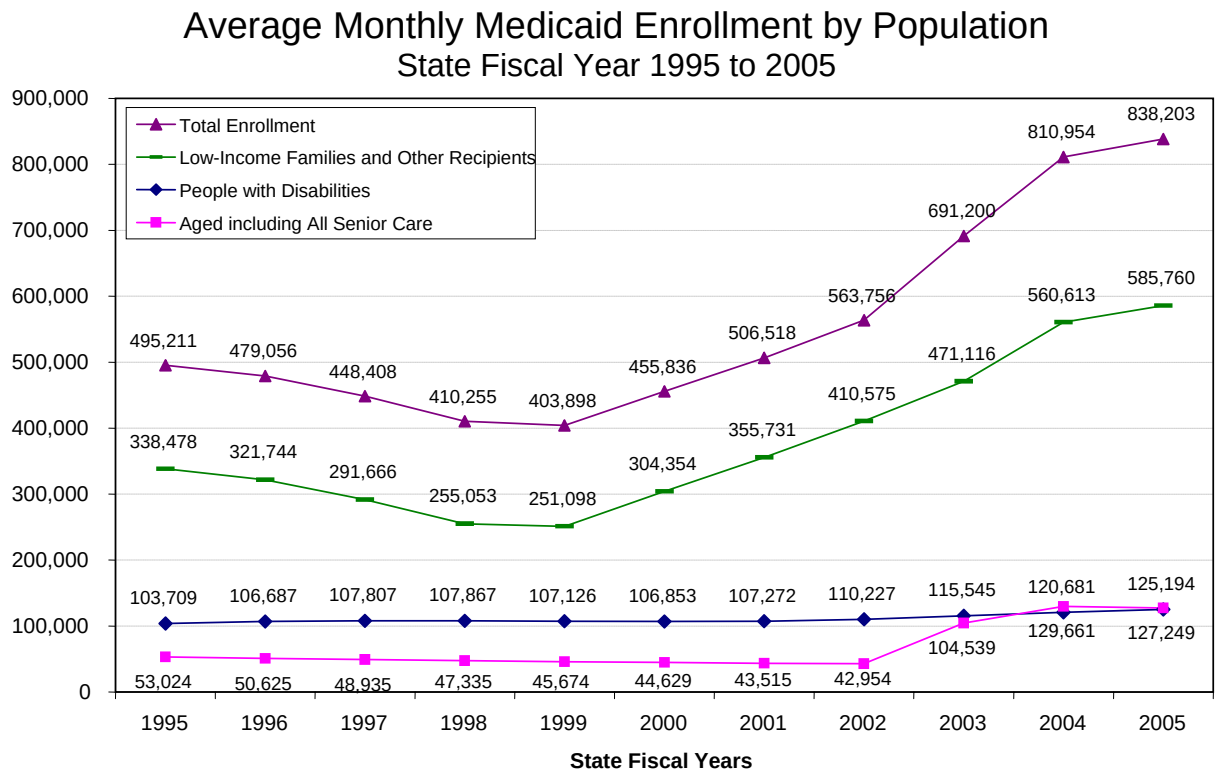
# Why is Medicaid Caseload Growing?

Most of the growth in Medicaid enrollment in the past few years has been from the creation of BadgerCare in 2000 for low-income working families and SeniorCare in 2003 for prescription drug coverage for low-income seniors. BadgerCare was created to provide low-income working families with affordable health insurance. Families cannot be covered by BadgerCare if they have access to an affordable plan. SeniorCare was created because Medicare had no prescription drug coverage and many low-income seniors could not afford their medications. For over 90% of seniors enrolled, SeniorCare provides better coverage than the new Medicare Part D.

The caseload for family Medicaid and BadgerCare grew rapidly beginning with the economic downturn of 2000-2003 as people lost their jobs and fewer employers offer health insurance. The percentage of Wisconsin residents covered by employer-sponsored group plans[1] declined from 77% to 59% from 2001 to 2004.

The number of people with disabilities qualifying for Medicaid has also grown 2-3% per year since 2001, due to factors in the job market and the fact that disabled people now live longer.

The number of low-income seniors covered by Medicaid has remained steady and has not grown despite the aging of the population. This is primarily because seniors are more economically self-sufficient and because SeniorCare has helped protect their assets and incomes.




[1] Health Insurance Coverage. The Henry J. Kaiser Family Foundation, http://www.statehealthfacts.org/

## How is Medicaid funded?

As a general rule, the state pays 42% of Medicaid costs and the federal government pays 58%. For every $1 that the state spends on Medicaid, the federal government adds $1.37. This allows the state to provide $2.37 of services for the cost of one state dollar.

BadgerCare qualifies for even higher federal matching; 71%. So for every $1 of state funds invested, the federal government contributes $2.45.

BadgerCare families and some disabled persons also pay premiums based on their income. Providers also help fund Medicaid and BadgerCare by accepting substantially lower fees from Medicaid than they do from commercial insurance plans.

## Why are Medicaid Costs Growing?

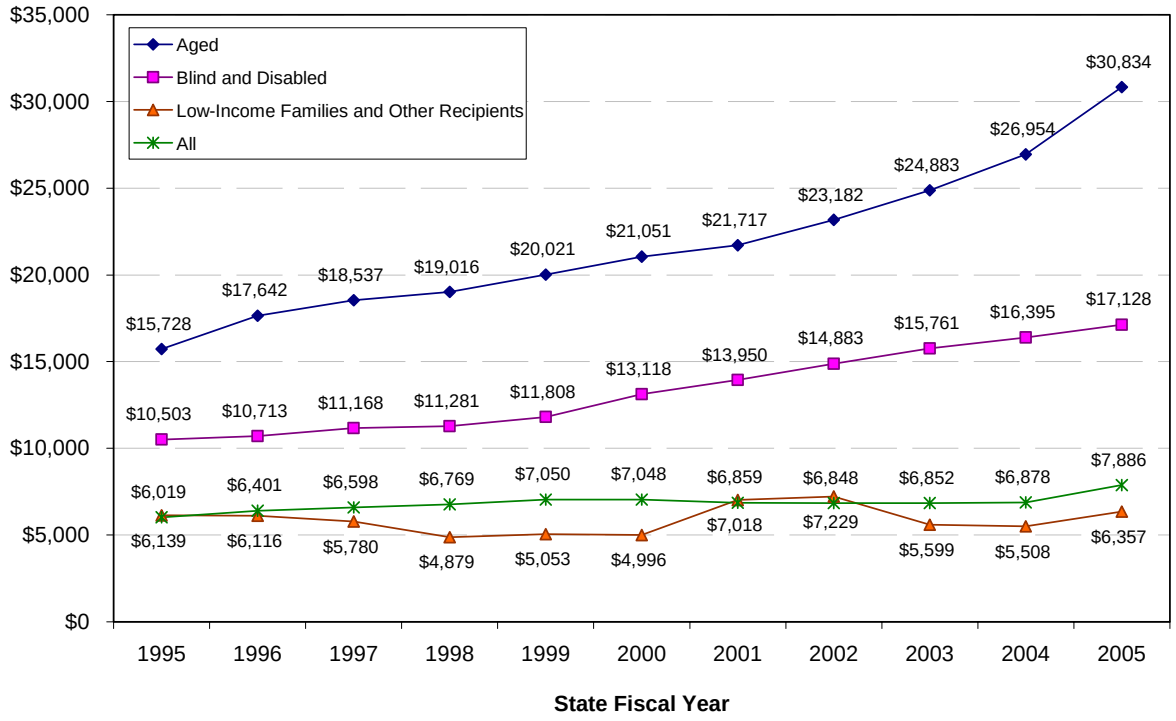
Actually, total Medicaid (both federal and state share) costs have been increasing much less than private insurance, even considering that caseload is growing. The total increase in Medicaid costs in the State's 2005 Wisconsin Act 25 budget bill is only 3.3% in 2006 and 4.2% in 2007. This compares with increases of 10-15% for most commercial plans.

State General Program Revenue (GPR) costs, however, are growing faster because the federal government has been reducing its contribution by ending programs under which Wisconsin claimed federal money. In addition, the federal Medicaid formula decreases the federal share as Wisconsin's per capita income has grown faster than the national average.

Medicaid expenditures for aged and disabled recipients are significantly higher per person than for low-income family recipients. Some cost comparisons per person for State Fiscal Year 2005:

| | |
|---|---|
| **Aged excluding SeniorCare** | **$ 30,834** |
| **People with Disabilities** | **$ 17,128** |
| **Low-Income Families & Other Recipients** | **$ 6,357** |
| **State Employees** | **$ 2,932** |

# Annual Medicaid Expenditure per User by Population
## State Fiscal Year 1995 to 2005




- The cost for low-income family and other recipients have remained constant from 1994 to 2005 with a slight increase in 2001 and 2002.
- The cost for aged increased 96% and disabled recipients increased an average 63% per person per year.

# 2005-07 Biennial Budget, Act 25
# For Medical Assistance, BadgerCare and SeniorCare

## 2005-06 Budget for Benefits

| | GPR | SEG | Other | Total |
|---|---|---|---|---|
| Medicaid | $ 1,381,152,387 | $ 384,399,300 | $ 2,565,075,250 | $ 4,330,626,937 |
| BadgerCare | 62,439,100 | - | 128,881,900 | 191,321,000 |
| SeniorCare | 52,090,900 | - | 92,691,200 | 144,782,100 |
| Summary | $ 1,495,682,387 | $ 384,399,300 | $ 2,786,648,350 | $ 4,666,730,037 |

## 2006-07 Budget for Benefits

| | GPR | SEG | Other | Total |
|---|---|---|---|---|
| Medicaid | $ 1,736,437,587 | $ 110,338,200 | $ 2,657,975,000 | $ 4,504,750,787 |
| BadgerCare | 78,131,000 | - | 139,234,500 | 217,365,500 |
| SeniorCare | 57,560,700 | - | 100,898,200 | 158,458,900 |
| Summary | $ 1,872,129,287 | $ 110,338,200 | $ 2,898,107,700 | $ 4,880,575,187 |

## 2005-07 Biennial Budget for Benefits

| | GPR | SEG | Other | Total |
|---|---|---|---|---|
| Medicaid | $ 3,117,589,974 | $ 494,737,500 | $ 5,223,050,250 | $ 8,835,377,724 |
| BadgerCare | 140,570,100 | - | 268,116,400 | 408,686,500 |
| SeniorCare | 109,651,600 | - | 193,589,400 | 303,241,000 |
| Summary | $ 3,367,811,674 | $ 494,737,500 | $ 5,684,756,050 | $ 9,547,305,224 |

# Economic Impact

Medicaid, BadgerCare and SeniorCare provide essential health insurance for over 820,000 people in Wisconsin. Without Medicaid, low-income families would not get essential health care and would be less likely to be able to work or have greater absenteeism. Children without Medicaid or BadgerCare would not get needed immunizations and other services.

Doctors and hospitals would provide much more uncompensated care and have to charge private insurers even more, raising costs for everyone else.

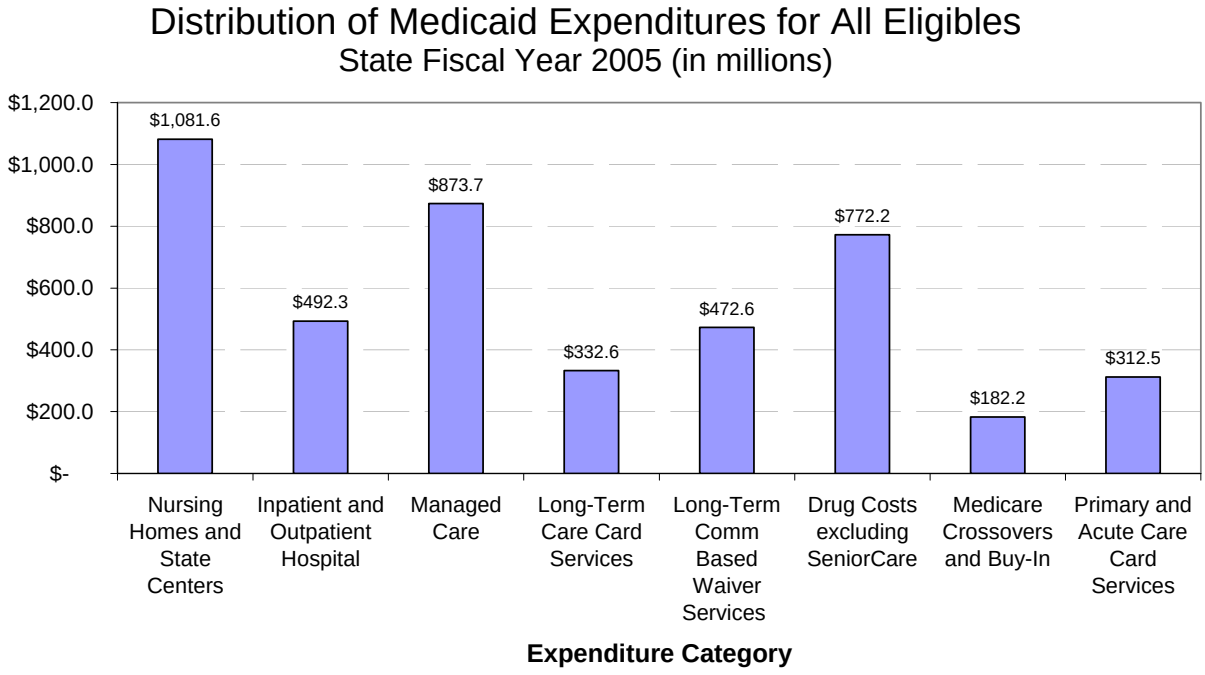
For every $1 the state spends on Medicaid, we bring $1.37 of federal funds to Wisconsin. Medicaid will earn $2.8 billion of federal revenue in 2006.

Because of the economic multiplier effects, $1 of State General Purpose Revenue for Medicaid generates an additional $2.93 in new business activity.

Medicaid funds over 60,000 jobs in Wisconsin that generate over $2.5 billion in total wages and compensation. Many of these are high paying technical and professional jobs. Medicaid also funds many entry-level positions and positions for people with limited educational attainment.

Studies show that for every $1 million reduction in state spending on Medicaid, total economic activity declines by $2.9 million and 33 jobs will be lost. Medicaid, BadgerCare and SeniorCare provide over $4.4 billion to Wisconsin's health care sector.

Wisconsin has one of the lowest rates of uninsured in the country at 11%[2].




[2] Health Insurance Coverage. The Henry J. Kaiser Family Foundation, http://www.statehealthfacts.org/